

1 IN THE UNITED STATES DISTRICT COURT

2 FOR THE SOUTHERN DISTRICT OF TEXAS

3 HOUSTON DIVISION

4 UNITED STATES OF AMERICA § CASE NO. 4:15-CR-204-2  
5 VERSUS § HOUSTON, TEXAS  
6 KHOSROW AFGHAHI § FRIDAY,  
§ MAY 8, 2015  
§ 2:17 P.M. TO 2:30 P.M.

7  
8 INITIAL APPEARANCE

9 BEFORE THE HONORABLE FRANCES H. STACY  
10 UNITED STATES MAGISTRATE JUDGE

11 APPEARANCES:

12 FOR PLAINTIFF/DEFENDANT: SEE NEXT PAGE  
13 COURT RECORDER: PAUL YEBERNETSKY  
14 COURT CLERK: BEVERLY WHITE  
15 OFFICIAL INTERPRETER: MIKE MASSOUD MOAYEDI  
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APPEARANCES:

FOR THE PLAINTIFF:

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FOR THE DEFENDANT:

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1           HOUSTON, TEXAS; FRIDAY, MAY 8, 2015; 2:17 P.M.

2           (Official Interpreter present in the courtroom.)

3           THE COURT:   Okay, the first case is Number  
4 H-15-204, U.S. versus Khosrow Afghahi.

5           MR. MCINTYRE:   Mark McIntyre and Craig Feazel for  
6 the United States, Your Honor.

7           THE COURT:   Okay.

8           MR. KHALIL:   Good afternoon, Your Honor, Sammy  
9 Khalil on behalf Mr. Afghahi.

10          THE COURT:   Hi, Mr. Khalil.

11          MR. KHALIL:   How are you?

12          THE COURT:   Good.

13          MR. KHALIL:   Yes.

14          THE COURT:   Are you retained?

15          MR. KHALIL:   We are not fully retained, Your  
16 Honor.   We are in the process of making arrangements to be  
17 retained, and it's more complicated than a run of the mill  
18 case.   We might have to submit an application to OFAC in  
19 Washington, and that might take several days.

20          THE COURT:   What's that?

21          MR. KHALIL:   The Office of Foreign Asset Control  
22 because they're -- they're might be some funds in Iran that  
23 we're looking to support us in the legal fees.

24          THE COURT:   Okay.

25          MR. MCINTYRE:   They have to get a license.

1 THE COURT: Okay. So, the Record will reflect the  
2 proceedings are being interpreted into Farsi language.

3 INTERPRETER: Into Farsi, yes, ma'am.

4 THE COURT: For the benefit of Mr. Afghahi so to  
5 keep us with us, will you please tell him what we all said  
6 so far.

7 INTERPRETER: Okay.

8 (Interpreter interpreting for Defendant.)

9 THE COURT: Okay, so the purpose of this  
10 proceeding is to advise you about the charges against you  
11 and to advise you about your rights, also to consider the  
12 question of Counsel, and to consider your conditions of  
13 release, and to set a date for your next Court appearance.

14 You are not on trial today, and you may be asked  
15 to enter a not guilty plea today or in the next few days.  
16 Other than that, you are not required to make any statement  
17 about the facts of this case.

18 You are never required to make any explanation  
19 about the facts.

20 And it's not in your best interest to answer  
21 questions from law enforcement officials, unless your lawyer  
22 advises you to do that. And then, you can have the help of  
23 your lawyer at any such interview with law enforcement.

24 Your lawyer is the person that you are very safe  
25 in speaking to about everything having to do with this case.

1 Those communications are required to be kept confidential  
2 between you and your lawyer.

3 Your communications with other people are not, so  
4 you have to worry not only about law enforcement officials  
5 and communications with them being used as evidence against  
6 you, but also your Co-Defendants, if you had any  
7 communications with them or have communications with them,  
8 they could be made witnesses against you whether they want  
9 to be a witness or not. The same goes for, you know,  
10 anybody else that you talk to about the case who is not your  
11 lawyer.

12 You are entitled to have a lawyer represent you at  
13 every Court proceeding and also to consult with you outside  
14 of Court to help you make decisions about your case, to  
15 negotiate on your behalf.

16 Even if you cannot hire a lawyer, the Court will  
17 appoint a lawyer for you. This is true for trial and for  
18 appeal.

19 You are a Defendant in an Indictment that was  
20 filed on April the 16th here in Houston, a couple of weeks  
21 ago, three weeks ago maybe, and the style of the case --

22 INTERPRETER: He say, it's been 17. It is 17, not  
23 16.

24 THE COURT: Oh. Well, my copy says April 16th.

25 MR. MCINTYRE: He was arrested --

1 MR. KHALIL: I think he might mean --

2 MR. MCINTYRE: On the 16th.

3 MR. KHALIL: Exactly.

4 THE COURT: Okay, you were arrested on April 17th?  
5 Was that in California?

6 DEFENDANT AFGHAHI: Yeah, it was a Friday, Friday,  
7 April 17th.

8 THE COURT: Okay. Well, let us talk about the  
9 charges against you.

10 There is an Indictment. I'm going to ask that the  
11 entire document be translated verbatim into the Farsi  
12 language for you here in the courtroom by the official Court  
13 Interpreter today.

14 But to summarize the accusations now -- it's  
15 unsealed as to Mr. Afghahi, right?

16 MR. MCINTYRE: Unsealed.

17 THE COURT: The style of the case is: United of  
18 America versus Bahram Mechanic, Khosrow Afghahi, which is  
19 you, Tooraj Faridi, Faratel Company, Smart Power System,  
20 Inc., Arthur Shyu, Hosoda Taiwan Company Limited, Matin  
21 Sadeghi, and Goldsad Istanbul Trading Limited.

22 Is Mr. Afghahi charged in each count?

23 MR. MCINTYRE: No, Your Honor, he's charged in  
24 Count 1, Count 13, Count 14, and Count 23.

25 THE COURT: Can you summarize the accusations?

1 MR. MCINTYRE: Yes, Your Honor.

2 Count 1 is a conspiracy to violate the

3 International Emergency Economic Powers Act.

4 THE COURT: Go one by -- one by one, so we can  
5 have that interpreted, please.

6 Go ahead.

7 MR. MCINTYRE: Count 13 is a substantive violation  
8 of the International Emergency Economic Powers Act.

9 He's charged in Count 14 with conspiracy to commit  
10 money laundering.

11 And in Count 23 with a substantive count of money  
12 laundering.

13 THE COURT: Also, summarize the possible  
14 punishment for each count, please.

15 MR. MCINTYRE: Yes, Your Honor.

16 For Counts 1 and 13, it's up to 20 years in prison  
17 and/or a fine of up to one million dollars or twice the  
18 gross gain or loss.

19 And for Counts 14 and 23, it's up to 20 years in  
20 prison, a fine of not more than \$500,000 or twice the value  
21 of the property involved in the transaction.

22 And three years of supervised release on all of  
23 the counts, Your Honor.

24 THE COURT: Are you moving to detain Mr. Afghahi?

25 MR. MCINTYRE: He's already been detained and had

1 a hearing.

2 THE COURT: In California?

3 MR. MCINTYRE: Yes, Your Honor.

4 THE COURT: Okay, is that accurate?

5 MR. KHALIL: Your Honor, I don't know exactly the  
6 nature of the proceeding in California. I don't if it was a  
7 full-fledged bond hearing or more in the nature of proffers,  
8 and we would eventually ask the Court for a transcript of  
9 that hearing and ask either the Magistrate Court here in  
10 Houston, or the District Court to reopen the bond  
11 consideration, but again, I think we're a ways away from  
12 that.

13 THE COURT: You'll file a Motion?

14 MR. KHALIL: That's right, Your Honor.

15 THE COURT: Okay.

16 MR. MCINTYRE: And just for the Record, he had a  
17 full hearing. It wasn't done by proffer, which I understand  
18 is how they do traditionally do it in Los Angeles.

19 THE COURT: Okay. And is your client prepared to  
20 enter a not guilty plea today, or do you want to set that  
21 for that another date?

22 MR. KHALIL: If we could set it for another day, I  
23 think that would --

24 THE COURT: What date?

25 MR. KHALIL: -- makes more sense.



1 THE COURT: What day do you like?

2 MR. KHALIL: Well, I guess after we have an  
3 official Counsel Determination Hearing.

4 THE COURT: When would you like the Counsel  
5 Determination Hearing?

6 MR. KHALIL: Sometime next week, Your Honor. I do  
7 know, it will take some time to get things in order, perhaps  
8 towards the end of next week, if that might be possible?

9 THE COURT: Okay. Let's have a Thursday, the  
10 14th, is that a good day? Oh, wait -- we set a lot of stuff  
11 for Thursday, the 14th. And it's a complicated day.

12 How about the 13th?

13 MR. KHALIL: I just think it's going to be -- I  
14 think it's going to be a little -- it's going to be a while,  
15 I think, on that license being issued, so I don't know if  
16 you want to wait until Friday, or however you want to do it.  
17 I think it's going to be a -- I think the process takes  
18 weeks.

19 THE COURT: Weeks?

20 MR. KHALIL: Yes.

21 THE COURT: Well, in the meantime, you know, this  
22 -- this person is entitled to have a lawyer representing him  
23 who is an attorney of record. And I think we should address  
24 that by maybe appointing you or asking him if he wants a  
25 court-appointed lawyer and then allow you to substitute in

1 the place of that lawyer?

2 MR. KHALIL: Well, Your Honor, we're happy to  
3 serve as attorney of record and perhaps we can come back  
4 Friday and fully inform you of our status, but up until  
5 Friday if the Court could set an official Counsel  
6 Determination Hearing, we are happy to serve as attorney of  
7 record.

8 I met with him this morning and will be counseling  
9 with him over the course of the next week.

10 THE COURT: All right, then. We'll set Counsel  
11 Determination Hearing for Friday, the 15th of May, and  
12 Mr. Afghahi, he will come back to Court.

13 Can we have an Arraignment that day also, please?

14 MR. KHALIL: Yes, Your Honor.

15 THE COURT: And Arraignment?

16 MR. MCINTYRE: Is that 10:00 or 2:00, Your Honor?

17 THE COURT: 10:00 o'clock.

18 MR. MCINTYRE: 10:00 o'clock.

19 THE COURT: It will be Judge Johnson. All right.

20 MR. KHALIL: Thank you very much, Your Honor.

21 THE COURT: So, if you're -- since you're detained  
22 in Joe Corley, I would like you to know that you still have  
23 the right to counsel privately with your lawyer while you  
24 are in custody.

25 Does your client need to make a phone call while

1 he is here? Is he from Houston, from California or --

2 MR. KHALIL: From California, Your Honor, and I  
3 have been in touch with his family.

4 THE COURT: All right, very good.

5 MR. KHALIL: And I will continue to be in touch  
6 over the course of the weekend and next week.

7 THE COURT: All right. Your next Court appearance  
8 is Friday.

9 MR. KHALIL: Thank you very much.

10 MR. MCINTYRE: Thank you, Judge.

11 THE COURT: Yes.

12 Do we have a trial schedule already in this case?

13 MR. MCINTYRE: No, Your Honor. We have a pretrial  
14 conference date on the 26th, but I think she has extended  
15 the original trial date due to the Motion for Continuance by  
16 Co-Defendants, so I think she is going to try to set a  
17 schedule and order on the 26th.

18 THE COURT: That's Judge Rosenthal?

19 MR. MCINTYRE: It's Judge Atlas.

20 THE COURT: Judge Atlas, okay. Very good.

21 Thank you for appearing.

22 MR. KHALIL: Thank you.

23 DEFENDANT AFGHAHI: I am thankful of the Court.

24 THE COURT: All right. All right. Good luck with  
25 your case.

1 (Proceedings adjourned at 2:29 p.m.)

2 \* \* \* \* \*

3 I certify that the foregoing is a correct  
4 transcript to the best of my ability from the electronic  
5 sound recording of the proceedings in the above-entitled  
6 matter.

7 /S/ MARY D. HENRY

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